

# Compensation and Pay in the Federal Government

# **Compensation and Pay in the Federal Government**

## **Agenda**

### **I. Past**

**Background  
Founding Principles**

### **II. Present**

**Current Pay System Provisions and Features  
Update on Recent Changes**

### **III. Future**

**Experimental Initiatives  
Total Compensation Study**

# Compensation and Pay

## Past

- ◆ Pendleton Act 1883

  - U.S. Civil Service Commission founded

- ◆ Classification Act of 1949

  - Established Classification Standards for General Schedule positions

  - Established Principle of “Equal Pay for Equal Work”

  - Defined Each Grade in the General Schedule

## Merit Systems Principles

The Merit Systems Principles (5 USC 2301(b)) outline the requirements for managing the workforce in a fair and equitable manner and protect employees from arbitrary and capricious personnel actions and decisions.

*3. Equal Pay should be provided for work of equal value, with appropriate consideration of both national and local rates paid by employers in the private sector, and appropriate incentives and recognition should be provided for excellence in performance.*

This principle is the foundation of the Federal classification system and awards system. It requires that an employee's pay range (i.e., grade level) be based on an accurate and equitable evaluation of the level of work for the employee's position. In order to ensure that this is occurring, position descriptions are used to outline the duties assigned to a position. Governmentwide classification standards are then applied to those duties to determine the proper grade level of the work, thus ensuring consistency across the Government. That is why it is important that the position description accurately describes the work being performed. When a supervisor signs the position description, he/she is certifying that the work assigned is at the level described. When the position is classified, the certified duties are used to determine the appropriate classification of the position.

# Compensation and Pay - Past

- ◆ Civil Service Reform Act of 1978

  - Established PMRS Merit Pay System

  - Established Factor Evaluation System (FES) for Classifying Positions

# Compensation and Pay

## Present

- ◆ Position classification recognizes levels of difficulty and responsibilities in terms of grade levels as established by law
- ◆ Position classification statutes are found in Title 5, USC, CH51 and 5 CFR Part 511
- ◆ Agencies are required to classify positions consistent with OPM criteria in published standards and guidelines

## Compensation and Pay - Present

- ◆ Position-based system that places value on the position and the the job description, not the individual\*
- ◆ Duties assigned to a job determine its correct series and grade
- ◆ Supervisor determines how work will be assigned following the contents of the position description

# Compensation and Pay - Present

## Position Descriptions (PD's)

- ◆ Document major duties and responsibilities and the organizational relationships of a job
- ◆ Serve as an official record of work assigned by management to an employee
- ◆ Used to make other personnel decisions



# Compensation and Pay - Present

Factor Evaluation System (FES) for GS nonsupervisory and supervisory positions.

FES Nonsupervisory Factors:

1. Knowledges Required by Position
2. Supervisory Controls
3. Guidelines (for the work)
4. Complexity (of the work)
5. Scope and Effect (of the work)
6. Personal Contacts
7. Purpose of Contacts
8. Physical Demands
9. Work Environment

# Compensation and Pay - Present

## FES Supervisory Factors:

1. Program Scope and Effect
2. Organizational Setting
3. Supervisory/Managerial Authority Exercised
4. Personal Contacts
5. Difficulty of Typical Work Directed
6. Other Conditions

# Compensation and Pay - Present

## Federal Wage System Nonsupervisory Factors:

1. Skill and Knowledge
2. Responsibility
3. Physical Effort
4. Working Conditions

# Compensation and Pay - Present

## Classification Standards

- Published by the Office of Personnel Management (OPM)
- Relate the Grade Level Definitions in Title 5 to Specific Work Situations
- Established for every Major Job Category
- Separate Standards for Supervisory and Nonsupervisory Positions
- Two Major Types of Standards
  1. Narrative
  2. Factor Evaluation System (FES)

# Compensation and Pay - Present

## FES Classification Standards

- Cover Most GS Technical, Professional, and Administrative Type Work
- Nine Nonsupervisory Factors Address Key Job Characteristics Evaluated in the Overall Position Classification
- Specific Values are Prescribed for several factor level descriptions for each of the nine factors

# Compensation and Pay - Present

## FWS Job Grading Standards

Four Factors Used in Grading Nonsupervisory Wage Grade Positions

1. Skill and Knowledge

Covers nature of Knowledge, Skill, and Abilities Required to perform the Work

2. Responsibility

Covers Complexity, Scope of Work, and Judgment or Decisions made in Performing Work

# Compensation and Pay - Present

## FWS Job Grading Standards (continued)

### 3. Physical Effort

Covers extent of Physical Exertion Related to Performing the Work

### 4. Working Conditions

Covers Hazards, Physical Hardships, and other Working Conditions workers are Exposed to in Performing the Work

# Compensation and Pay - Present

## Factors Not Related to Determining the Grade of GS Positions

- Performance
- Length of Service
- Volume of Work
- Financial Need
- Grades in Other Agencies for Similar Work
- Hard Work/Cooperation



# Compensation and Pay - Present

## Classification Appeals

### What May Be Appealed

- Schedule (GS vs. WG)
- Title
- Series
- Grade

# Compensation and Pay - Present

## Classification Appeals (continued)

### What May Not Be Appealed

- Content or Accuracy of a PD
- Accuracy of a Classification Standard
- Classification of a Position to Which an Employee is not Officially Assigned

# Compensation and Pay - Present

## Classification Appeals (continued)

### What Are your Appeal Choices

- ◆ General Schedule (GS)
  - Directly to OPM Through Agency
  - Cannot Appeal OPM Decision to Agency
  - Can Appeal Agency Decision to OPM
- ◆ Federal Wage System (FWS)
  - To Agency First Then OPM

# Compensation and Pay - Present

## Update/Recent Developments

- ◆ OPM Moving to Consolidated Job Family Type Standards
- ◆ Job Family Standard for Clerical and Technical Accounting and Budget Work, GS-0500C
- ◆ Job Family Standard for Professional Physical Science Work, GS-1300P

# Compensation and Pay - Present

## Update/Recent Developments (continued)

- ◆ Currently Under Review or in Draft Form
  - Accounting, Budget, and Related Occupations
  - Research Grade Evaluation Guide
  - Information Technology and Related Occupations
  - Secretarial and Related Occupations

# Compensation and Pay - Present

## Federal Employee Pay Comparability Act of 1990

- ◆ Locality Pay
- ◆ Advanced In-Hire Rates
- ◆ Recruitment Bonuses
- ◆ Relocation Bonuses
- ◆ Retention Allowance

# Compensation and Pay - Present

## Other Pay Categories

- ◆ Special Salary Rates
- ◆ Night Shift Differential
- ◆ Holiday Pay
- ◆ Hazard Duty Pay (General Schedule)
- ◆ Environmental Differential Pay (Wage Grade)

# Compensation and Pay

## Future

### Reasons for Changing Federal Compensation System

- ◆ More Flexibility Needed to Tie Compensation to Agency Strategic Goals
- ◆ Needed in Order to Compete with the Private Sector
- ◆ Needed for Attracting and Retaining the Talent that Federal Agencies Require to Do the Work of Government



# Compensation and Pay - Future

## Experimental Initiatives

Several agencies are under demonstration projects experimenting with broadbanding pay systems.

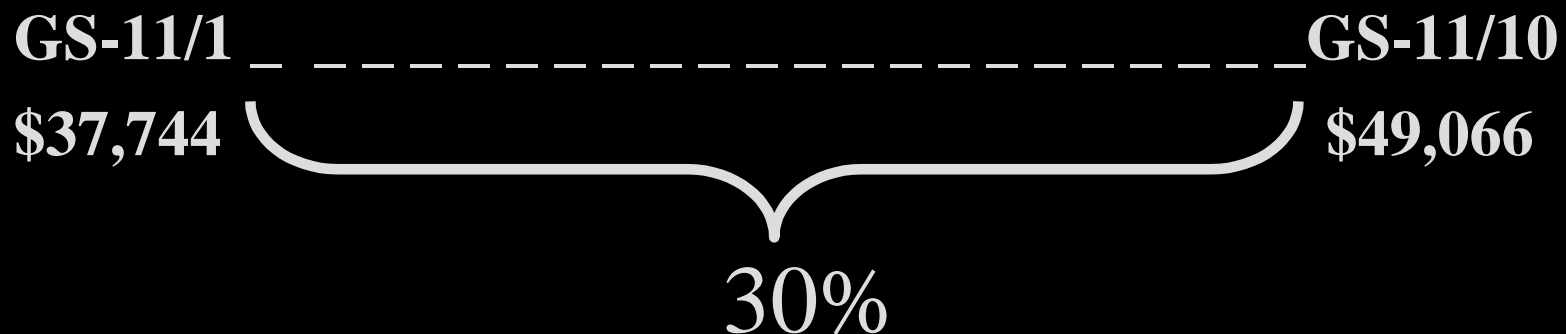
### Broadbanding Systems:

- ◆ Reduce Classification Decisions
- ◆ Provide More Flexibility to Base Pay Increases on Employee Performance or Contributions
- ◆ Make Managers More Accountable
- ◆ Provide Flexibility in Setting Starting Salaries

## Compensation and Pay - Future

General Schedule System:

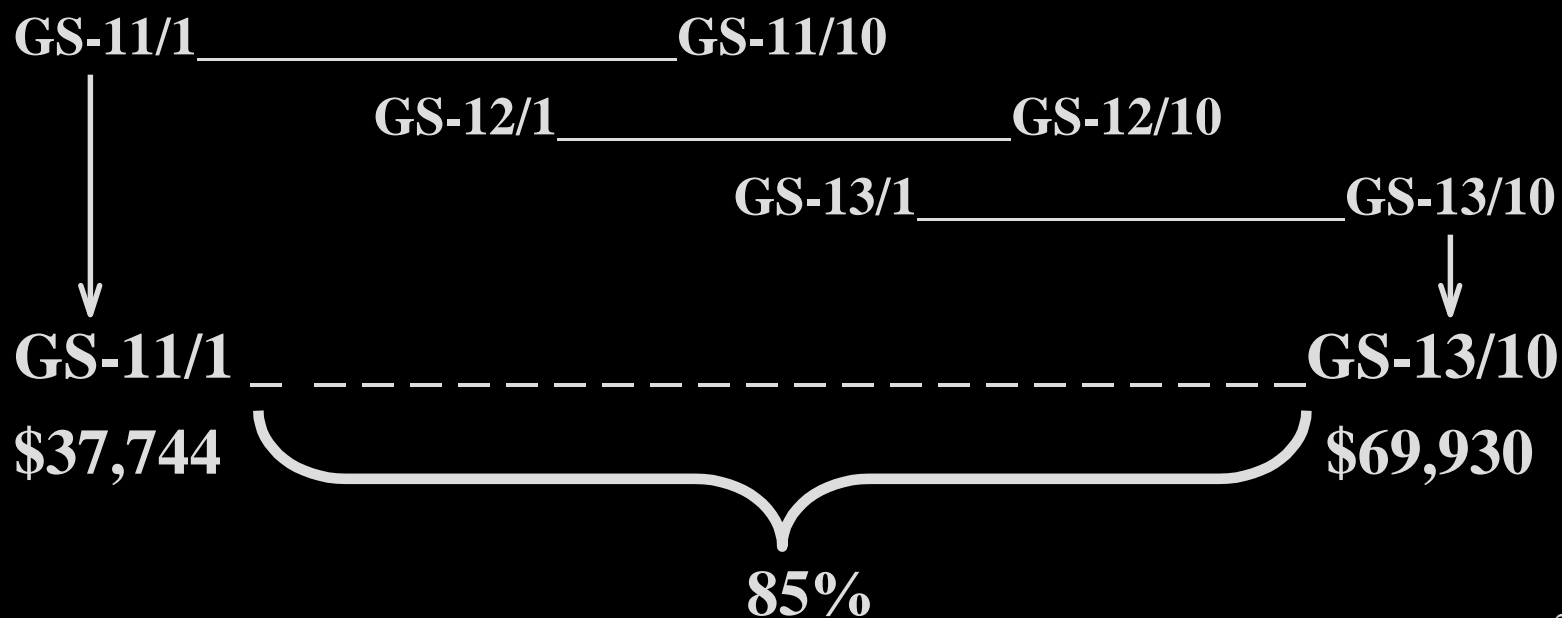
15 grades with 30-percent rate ranges divided into 10 steps



# Compensation and Pay - Future

## Broadbanding Systems:

Create wider ranges of work levels and pay by combining the grades and related pay ranges for one or more occupational series



# Compensation and Pay - Future

## Total Compensation Update

### Components of Compensation

- ◆ Financial
  - Direct
  - Indirect
- ◆ Non-Financial
  - Recognition
  - Accommodation

# Compensation and Pay - Future

## Moving Toward Total Compensation

OPM Strategic Goal: Improve the Compensation System

OPM has established the Total Compensation Policy Center (TCPC)

# Compensation and Pay - Future

## Current OPM Research Project

### Booz-Allen Study

- ◆ Best Practices in Private Sector
- ◆ Work with TCPC to Design Total Compensation Operating Framework
- ◆ Develop Compensation Options for Use in the Federal Government